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Keeping up with the growth

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four years of war. It may be remarked in passing that this condition is not confined to France. The average Frenchman of today is optimistic as to the future of his country. His attitude is in marked contrast with that of the citizens of neighboring European countries. In France you do not hear expressed the desire to emigrate, as you do in the other countries.

Judging the French by the history of their past recoveries and taking into consideration their thrift and resources and plans for development, coupled with their pride and love for their country, it is not too optimistic to believe that they will pass successfully through the period of transition and emerge from their adversity a new and powerful country.

We are vitally interested, for many rea-

sons, in the recovery of France and the continuance of our friendship. It is perhaps true that the constant daily contact during two years of sore distress of two millions of our people, with a different language and consequent mutual lack of understanding, has caused some slight personal friction, which is heightened by our attitude toward the Treaty and the abnormal exchange rate. But at heart the French are our friends, and the time was never more opportune for cementing that friendship. It is well to consider that the strength of our future relations with France will perhaps be determined in a great measure by the confidence we show in her now, such confidence being supported by an intelligent and sympathetic aid.

Keeping up with the Growth

A LITTLE over two years ago the firm introduced the Department for Professional Training. Its avowed purpose was to develop a more effective staff. The step was an experiment only in so far as the methods were concerned. There was never any doubt as to the benefits to be derived from such a course of action.

The department has undertaken to maintain greater evenness in the permanency of the staff; to select with care the additions to the staff; to instruct new men in their duties and responsibilities; and to follow up their technical and professional development. The libraries of all offices have been greatly strengthened, and there has been a notable increase in their use. There have been formal class lectures in various subjects, recommendations as to courses in accountancy schools and as to individual study and reading, dinner meetings, and conferences with the individuals as to the problems of their daily work.

The major portion of the experimentation has for physical reasons taken place

in New York. Any seeming discrimination against other practice offices has been due to the intensity of concentration on the experiment in connection with the New York staff. The department has never, however, lost its perspective and its desire to serve every one in the organization whether he be located in New York or in Shanghai, China.

The extension of this work now seems not only possible and desirable, but necessary, if the staff in size and effectiveness is to keep pace with the growth of the practice. The gross practice for the fiscal year ending May thirty-first proximo, partially estimated, will show an increase of about sixty-eight per cent. over the previous year. If the same increase continues during the coming year it will mean a considerably increased staff throughout the organization. Such expansion will call for systematic general provision regarding the professional training work.

Anticipating such necessity, and with a desire to extend the service of the depart-

ment to all parts of the organization, plans have been made whereby the manager of each office has been asked to appoint a representative to take charge of and be responsible for the professional training work in the respective offices. Such representatives will be assembled at the Executive Offices on June first and instructed during a period of two to three weeks in their duties. Comprehended in subsequent work of such representatives will be the conduct

of courses of study prescribed for the various classes of accountants, which will be issued by the department in the form of weekly lectures from September to December.

Thus it is hoped not only to provide educational work of interest and benefit for every member of the staff but the instrumentalities for keeping pace effectively with a rapidly expanding organization and increasing practice.

Consolidated Capital Stock Tax Returns

REPRESENTATIVES of the Treasury Department at Washington, in passing on a case recently, wherein separate capital stock tax returns had been filed for the respective companies in a certain group, basing the values on an apportionment of the market value of the stock of the parent company, objected to such procedure but made clear the present position of the department in such cases substantially as follows:

1. That separate capital stock tax returns will be required for each company, regardless of affiliations;

2. That only in rare and exceptional cases will the use of a consolidated report as a basis for arriving at the values of separate companies be permitted;

3. That the parent company will be taxed on the market value of its stock if there is a market, or on the book value or capitalized earnings if there is no market;

4. That the subsidiaries will be taxed on the book value of their stock;

5. That the department will not attempt to tax both the parent company and the subsidiary companies on their capitalized earnings, admitting that such taxation would be unjust;

6. That the question of consolidated

returns, and separate returns based on a consolidated report has been discussed thoroughly by the department in many other instances during the last year and that the position of the department has been uniform in permitting no consolidations and no separate reports based on a consolidation;

7. That the Solicitor for the Treasury Department has furnished an opinion in this matter and in such opinion has stated that the law will not permit the use of a consolidated return nor a return based on a consolidated report, that he will not countenance any administrative attempt to permit such reports, and that the taxation of the parent company and the subsidiary companies, as separate entities, is not double taxation.

8. That it is not the intention of the department to amend the regulations so as to permit consolidated returns but on the contrary to so amend them as to prevent any possibility of such returns being filed.

In view of the above it appears that if a corporation having subsidiaries desires relief in such cases from what amounts to double taxation, it will be necessary to bring suit for the recovery of any tax levied under this ruling.